CITY OF PRINCE GEORGE

FINANCIAL STATEMENTS

DECEMBER 31, 1986

CITY OF PRINCE GEORGE

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DECEMBER 31, 1986

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CITY OF PRINCE GEORGE

MAYORS SINCE INCORPORATION

MARCH 6, 1915

W.G. Gillett	1915 - 1916
H.G. Perry	1917 - 1918
Hiram A. Carney	1919 -
H.G. Perry	1920 -
Henry Wilson	1921 -
J.H. Johnston	1922 - 1923
D.R.W. Alward	1924 - 1925
F.D. Taylor	1926 -
A.M. Patterson	1927 - 1944
J. Nicholson	1945 - 1949
G. Dezell	1950 - 1953
G.D. Bryant	1954 - 1955
J.R. Morrison	1956 - 1957
Mrs. C.J. Gray	1958 - 1959
G. Dezell	1960 - 1969
H.A. Moffat	1970 - 1978
E. Mercier	1979 - 1986
J. Backhouse	1987 -

CITY OF PRINCE GEORGE

STATISTICAL INFORMATION

		1986
POPULATION (estimated)		68,000
ASSESSMENT FOR TAXATION		
Land	$	665,413,641
Building	$	1,221,555,947
Assessment subject to full taxation	$	1,886,969,588
Per capita	$	27,673
TAX LEVY (under tax zone):		
General tax rate	Urban	10.77599
	Suburban	10.29107
	Rural	9.24041
TAX LEVY AND COLLECTION:		
Tax levy	$	45,856,353
Per capita	$	674.36
Current taxes collected	$	43,415,757
Percentage of current levy		94.68%
Arrears collected	$	4,205,137
Total taxes collected	$	47,620,894
Percentage of current levy		103.85%
Total taxes outstanding	$	5,475,064
Percentage of current levy		11.94%
DEBENTURE DEBT:		
Sewer	$	30,781,294
Water	$	11,588,763
General	$	12,202,646
Gross debenture debt	$	54,572,703
Per capita	$	800.34
Capital bank loans	$	119,088
GENERAL FUND:		
Current revenue	$	35,099,067
Current expenditure	$	34,999,950
Surplus for the year	$	99,117
Revenue sharing grant	$	2,672,448
Homeowner grant	$	5,717,039
Value of building permits issued	$	19,295,955
WATER FUND:		
Current revenue	$	4,692,268
Current expenditure	$	4,175,046
Surplus for the year	$	517,222
SEWER FUND:		
Current revenue	$	7,695,933
Current expenditure	$	7,326,399
Surplus for the year	$	369,534
CITY LAND SALES:		
Sale price	$	586,460

1985	1984	1983	1982
69,000	70,000	68,000	69,000
666,809,806	706,397,205	707,326,152	883,714,777
1,250,595,237	1,178,630,675	1,180,570,929	1,402,564,667
1,917,405,043	1,885,027,880	1,887,897,081	2,286,279,444
27,788	26,929	27,763	33,134
10.34306	10.1730	9.7381	8.0204
9.72295	9.4120	9.0096	7.4204
8.68860	8.3673	7.7905	6.4163
51,892,152	56,143,112	52,853,217	51,799,580
752.06	802.04	777.25	750.72
47,956,271	50,116,194	50,401,140	48,568,032
92.42%	89.27%	95.36%	93.76%
4,106,458	3,837,393	4,291,226	2,450,038
52,062,729	53,953,587	54,692,366	45,462,859
100.33%	96.10%	103.48%	87.77%
6,200,163	5,831,001	5,873,682	5,442,086
11.95%	10.38%	11.11%	10.51%
31,273,804	31,673,220	31,662,534	24,763,377
12,231,512	12,142,729	12,199,021	11,892,730
13,091,631	13,731,372	14,574,181	13,661,426
56,596,947	57,547,321	58,435,736	50,317,533
820.25	822.10	859.35	729.23
186,796	246,282	331,330	124,500
33,878,294	33,293,414	31,800,400	32,947,330
33,070,690	32,000,257	31,007,602	30,909,863
807,604	1,293,157	792,798	2,037,467
2,569,072	2,574,925	2,911,079	2,942,720
5,673,217	5,676,210	5,577,731	5,555,211
29,909,498	32,912,964	41,650,618	34,899,609
4,633,264	4,303,834	4,075,015	3,877,889
4,207,070	4,106,176	3,971,300	3,809,910
426,194	197,658	103,715	67,979
7,516,585	7,290,164	6,059,510	4,750,145
7,183,923	6,843,802	5,733,821	4,405,232
332,662	446,362	325,689	344,913
278,194	1,173,803	45,666	125,162

CITY OF PRINCE GEORGE

1986 CITY COUNCIL

MAYOR: E. MERCIER

ALDERMEN

J. BACKHOUSE	R. GODFREY
M. BECOTT	C. KINSLEY
E. BODNER	G. McKNIGHT
P. BRADY	P. PARKER
C. DEZELL	A. STAUBLE

OFFICERS AND OFFICIALS

City Manager	C.A. Jeffrey, B. Comm., C.A.
Director of Finance and Comptroller/Treasurer	W.D. Kennedy, B. Comm., A.C.I.S., P. Adm.
Deputy Treasurer	A.D. LeFebvre, B.A., C.A.
Collector/Deputy Controller	H. Mortimer, B.Sc., R.I.A.
Director of Public Works	C.E. Obst, P. Eng.
Director of Administration and City Clerk	G.W. Buchanan
Director of Fire Services	E. Parent, L.A.F.C.
Director of Bldg. Inspection and Maintenance	A. Everall
Director of Parks and Recreation	W. Woycik / M. Frenkel
Director of Personnel	J. Forde, MMS, TECH(CEI), AMIE
Director of Planning	G. Farstad, M.C.I.P.
Medical Health Officer	Dr. J. Miller
Police	Supt. W.S. Craig, R.C.M.P. / Supt. M.M. Bielert, R.C.M.P.
Auditors	Dunwoody and Company / Peat, Marwick, Mitchell & Co.
Bankers	Bank of Nova Scotia
Solicitors	Wilson, King and Company

CITY OF PRINCE GEORGE

REPORT OF THE DIRECTOR OF FINANCE

His Worship the Mayor,
Members of Council of the
City of Prince George

The attached Financial Statements for the year ended December 31, 1986, are presented in accordance with the provisions of the "Municipal Act."

Despite continuing budgetary restraint, the overall situation of the City improved in 1986. The tax collection rate improved slightly, and the City realized a small surplus on the year's operations, without making use of prior year's surplus. This was offset by continued lower-than-average construction activity.

Favourable weather conditions and continuing cost control programs contributed to the 1986 General Operating Fund Surplus of $99,117. Overall, 1986 General Operating Revenues were 0.9% more than budgeted, while General Operating Expenditures were 4.8% less than budgeted.

Interest earnings represent a significant part of the City's income. Interest income (excluding inter-fund charges) totalled $4,513,977, of which $3,268,626 was earned on reserve funds. The average return on the City's investments was 9.39%.

Sales of City-developed land were negligible in comparison with pre-recession levels. The City's land development program has been adjusted to reflect the downturn in land sales. Land is developed only in response to proven demand. The City has a wide variety of residential and industrial sites available for sale and immediate occupancy, and is capable of accomodating increased growth and industrial activity without the need to incur substantial capital expenditures in the near term.

The expanded Kin III arena and Four Seasons Leisure Pool facilities were open to public use in 1986, improving the range of recreation services. The Carney St. Overpass was also opened to public use in 1986, improving access to industrial and other lands north of the C. N. Railway. These projects were financed by City Reserves and Government Grants (and by contributions from the C.N.R. in the case of the Carney St. Overpass). Work continued on the Hart Highway Phase V and Chief Lake Road Sanitary Sewer collection system. The City also replaced a Pumper Truck for the Fire Dept., and began renovations to the RCMP Building to provide additional and improved working space for the Police Force. In addition, a number of other projects were undertaken to refurbish or improve a variety of civic facilities.

....2

1986 Capital Expenditures funded from General Reserves amounted to $2,960,527, while Sanitary Sewer Capital expenditures from Reserves amounted to $1,190,463 and Water Utility Capital expenditures from Reserves amounted to $316,377. The existence of reserve funds has allowed the City to continue improvements to municipal services and to provide support to the economy without imposing additional taxation.

The increase in average property taxes in 1986 (over 1985) was 2.8%, and the average annual increase in property taxation since 1982 has been 1.8% per year (compounded).

Respectfully submitted,

W. D. Kennedy
Director of Finance and
Comptroller/Treasurer

Prince George, B.C.
February 20, 1987

PEAT MARWICK

AUDITOR'S REPORT

TO THE MAYOR AND COUNCIL
CITY OF PRINCE GEORGE

We have examined the balance sheets of the City of Prince George as at 31 December 1986 and the statements of operating fund revenue and expenditure, operating fund surplus, equity in capital assets and changes in reserves for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Municipality as at 31 December 1986 and the results of its operations for the year then ended in accordance with accounting principles generally accepted for municipalities in the Province of British Columbia applied, after giving retroactive effect to the change in the method of claiming depreciation as explained in Note 9 to the financial statements, on a basis consistent with that of the preceding year.

Peat Marwick Mitchell & Co.

Prince George, B.C.
20 February 1987

CHARTERED ACCOUNTANTS

CITY OF PRINCE GEORGE

GENERAL FUND BALANCE SHEET

DECEMBER 31, 1986

ASSETS

	1986	1985
OPERATING FUND		
Cash and short term deposits	$ 8,519,359	$ 5,153,497
Taxes receivable	5,475,064	6,200,163
Accounts receivable		
Federal Government	72,744	120,523
Province of British Columbia	207,480	101,682
Regional and other Local Governments	186,391	76,967
Other, note 2	534,871	1,056,899
Due from own funds	5,648,170	5,293,268
Inventory	1,044,859	1,099,216
Temporary acquisition of fixed assets	1,146,841	669,876
Prepaid expenses	198,165	170,870
Deposit - Municipal Finance Authority	575,381	512,441
	23,609,325	20,455,402
TRUST FUNDS		
Cash and short term deposits	322,652	283,228
Due from own funds	11,356	19,612
Investments, Note 4	49,122	49,122
	383,130	351,962
CAPITAL FUND		
Cash and short term deposits	8,101,134	12,940,601
Due from own funds	1,034,748	-
Work in progress	968,708	5,756,423
Land, buildings, machinery and equipment, and engineering structures, note 5	125,320,649	114,200,712
	135,425,239	132,897,736
	$159,417,694	$153,705,100

W.D. KENNEDY TREASURER

CITY OF PRINCE GEORGE

GENERAL FUND BALANCE SHEET

DECEMBER 31, 1986

LIABILITIES

	1986	1985
OPERATING FUND		
Accounts payable		
Federal Government	$ 3,270,638	$ 3,192,934
Province of British Columbia	535,490	795,041
Regional and other Local Governments	210,261	208,099
Other	4,537,569	3,683,691
Due to own funds	3,097,657	1,645,081
Reserve - Municipal Finance Authority	575,381	512,441
Unexpended special levies	533,087	628,660
Reserve for future expenditures	2,085,944	1,125,274
Surplus	8,763,298	8,664,181
	23,609,325	20,455,402
TRUST FUNDS		
Cemetery Care deposits	285,735	254,045
Winter Games Legacy deposits	88,066	87,641
Miscellaneous Trusts	9,329	10,276
	383,130	351,962
CAPITAL FUND		
Due to own funds	-	2,632,775
Unearned revenue	4,440	9,010
Debenture debt, schedule 1	12,202,646	13,091,631
Restructure Reserve	5,601,060	5,056,791
Other Capital Reserves	2,426,357	3,095,291
Equity in Capital Assets	115,190,736	109,012,238
	135,425,239	132,897,736
	$159,417,694	$153,705,100

SIGNIFICANT ACCOUNTING POLICIES, note 1
CONTINGENT LIABILITIES, note 10

CITY OF PRINCE GEORGE

GENERAL OPERATING FUND REVENUE AND EXPENDITURE

FOR THE YEAR ENDED DECEMBER 31, 1986

REVENUE

	1986	1985
Taxation - net, note 6	$ 22,054,751	$ 21,385,206
Contributions from other governments - schedule 2	2,688,838	2,597,175
Sales of services - schedule 3	4,097,298	3,522,960
Grants in lieu of taxes	1,088,850	1,025,104
Licences and permits		
Business licences	628,237	648,201
Building permits	153,367	211,147
Other	171,170	137,942
Fines	165,634	186,539
Rents	152,346	251,233
Penalties and interest on taxes	1,065,197	1,113,779
Natural gas franchise fee	1,237,117	1,219,216
Return on investments	1,157,450	1,280,547
Miscellaneous revenue	231,506	200,915
Contribution from General Capital Fund	-	51,200
Contribution from Other Capital Reserves	124,878	-
Contribution from reserve funds, note 7	63,618	28,620
Transfers from own funds	18,810	18,510
	$ 35,099,067	$ 33,878,294

CITY OF PRINCE GEORGE

GENERAL OPERATING FUND REVENUE AND EXPENDITURE

FOR THE YEAR ENDED DECEMBER 31, 1986

EXPENDITURE

	1986	1985
Departmental expenditures - schedule 4		
General government	$ 3,761,316	$ 3,548,211
Protection to persons and property	11,484,803	11,049,753
Transportation services	6,663,863	6,273,399
Sanitation and waste removal	1,267,677	1,310,997
Public health and welfare	129,588	143,757
Environmental development	363,900	378,661
Recreation and cultural services	4,567,590	4,034,178
Debt requirements		
Principal	801,232	780,205
Interest on debentures	1,566,629	1,648,748
Foreign exchange	249,421	241,696
Bank charges and interest on short term borrowing	854,339	921,063
Contribution to reserve funds, note 7	1,242,236	1,299,760
Capital expenditures	1,002,599	1,364,347
Contribution to Restructure Reserve	73,153	73,107
Contribution to Other Capital Reserves	10,934	2,808
Appropriation to Reserve for Future Expenditures	960,670	-
Surplus for the year	99,117	807,604
	$ 35,099,067	$ 33,878,294

CITY OF PRINCE GEORGE

GENERAL OPERATING FUND SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
Balance, beginning of year as previously reported	$ 8,855,804	$ 8,048,200
Prior years' adjustment, note 9	(191,623)	(191,623)
Balance, beginning of year as restated	8,664,181	7,856,577
Surplus for the year	99,117	807,604
Balance, end of year	$ 8,763,298	$ 8,664,181

CITY OF PRINCE GEORGE

GENERAL FUND EQUITY IN CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
Balance, beginning of year as previously reported	$109,012,238	$ 97,087,422
Prior years' adjustments	-	1,612,500
Balance, beginning of year as restated	109,012,238	98,699,922
Increase in equity		
Return on investments	429,611	550,119
Contributions received		
For debt reduction from		
General Operating Fund	801,232	780,205
For acquisition of capital assets from		
General Operating Fund	1,002,599	1,364,347
Restructure Reserve	109,177	2,000,539
Other Capital Reserves	957,324	3,542,712
Land Grant Trust Reserve	-	182,000
Land Sale Trust Reserve	181,719	-
Recreation and Cultural Fund Reserve	405,107	1,124,000
Fire Equipment Reserve	265,937	6,000
Local Improvement Fund Reserve	162,655	63,486
Development Cost Charge Reserve	185,926	101,000
Road Construction Reserve	687,225	-
Southwest Sector Recreation Facility Reserve	18,123	-
Government grants	977,038	839,526
Property owners, and third parties	1,401,637	772,241
Disposal of capital assets	131,373	98,570
	7,716,683	11,424,745
Decrease in equity		
Contributions and returned funding to		
General Operating Fund	-	(51,200)
Restructure Reserve	(103,999)	-
Other Capital Reserves	(81,977)	(389,105)
Recreation and Cultural Fund Reserve	(778,485)	-
Development Cost Charge Reserve	(39,878)	-
Mobile Equipment Reserve	(11,582)	-
Disposal of capital assets	(522,264)	(672,124)
	(1,538,185)	(1,112,429)
Balance, end of year	$115,190,736	$109,012,238

CITY OF PRINCE GEORGE

GENERAL CAPITAL FUND

CHANGES IN RESTRUCTURE RESERVE

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
Appropriated		
Balance, beginning of year	$ 189,920	$ 1,921,650
Allocation from (to) non-appropriated reserve, net	939,354	(1,731,730)
Balance, end of year	$ 1,129,274	$ 189,920
Non-appropriated		
Balance, beginning of year	$ 4,866,871	$ 7,720,920
Return on investments	476,294	557,863
Contribution from General Operating Fund	73,153	73,107
Contribution to General Capital Equity	103,999	-
Allocation from appropriated reserve, net	-	1,731,730
	653,446	2,362,700
Contribution to General Capital Equity	(109,177)	(2,000,539)
Contribution to Road Construction Reserve	-	(2,419,210)
Contribution to Southwest Sector Recreation Facility Reserve	-	(797,000)
Allocation to appropriated reserve, net	(939,354)	-
	(1,048,531)	(5,216,749)
Balance, end of year	$ 4,471,786	$ 4,866,871
Total Appropriated	$ 1,129,274	$ 189,920
Total Non-appropriated	4,471,786	4,866,871
	$ 5,601,060	$ 5,056,791

CITY OF PRINCE GEORGE

GENERAL CAPITAL FUND

CHANGES IN OTHER CAPITAL RESERVES

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
Appropriated		
Balance, beginning of year	$ 66,000	$ -
Allocation from non-appropriated reserve, net	795,700	66,000
Balance, end of year	$ 861,700	$ 66,000
Non-appropriated		
Balance, beginning of year	$ 3,029,291	$ 5,906,873
Return on investments	269,368	492,105
Contribution from General Operating Fund	10,934	2,808
Contribution from General Capital Equity	81,977	389,105
Contribution from Recreation & Cultural Fund Reserve	50,989	-
Excess connection fees	-	9,055
	413,268	893,073
Contribution to General Operating Fund	(124,878)	-
Contribution to General Capital Equity	(957,324)	(3,542,712)
Contribution to Fire Equipment Reserve	-	(13,828)
Contribution to Mobile Equipment Reserve	-	(124,482)
Allocation to appropriated reserve, net	(795,700)	(66,000)
Contributions and grants	-	(23,633)
	(1,877,902)	(3,770,655)
Balance, end of year	$ 1,564,657	$ 3,029,291
Total Appropriated	$ 861,700	$ 66,000
Total Non-appropriated	1,564,657	3,029,291
	$ 2,426,357	$ 3,095,291

CITY OF PRINCE GEORGE

WATER FUND BALANCE SHEET

DECEMBER 31, 1986

ASSETS

	1986	1985
OPERATING FUND		
Cash and short term deposits	$ 602,493	$ 400,657
Accounts receivable		
Province of British Columbia	604,846	646,990
Water rates	478,002	479,552
Deposit - Municipal Finance Authority	482,009	380,315
	2,167,350	1,907,514
SINKING FUND		
Funds on deposit with the Minister of Finance of British Columbia	322,618	284,430
	322,618	284,430
CAPITAL FUND		
Cash and short term deposits	3,719,146	3,021,753
Due from own funds	41,120	473,918
Water system, note 5	28,723,064	28,555,539
Work in progress	837,550	609,426
	33,320,880	32,660,636
	$ 35,810,848	$ 34,852,580

W.D. KENNEDY TREASURER

CITY OF PRINCE GEORGE

WATER FUND BALANCE SHEET

DECEMBER 31, 1986

LIABILITIES

	1986	1985
OPERATING FUND		
Due to own funds	$ 126,755	$ 485,835
Reserve - Municipal Finance Authority	482,009	380,315
Surplus	1,558,586	1,041,364
	2,167,350	1,907,514
SINKING FUND		
Due to own funds	210,048	190,776
Surplus	112,570	93,654
	322,618	284,430
CAPITAL FUND		
Unearned revenue	1,462	1,070
Debenture debt, schedule 1	11,588,763	12,231,512
Capital Reserves	2,468,727	2,423,476
Equity in Capital Assets	19,261,928	18,004,578
	33,320,880	32,660,636
	$ 35,810,848	$ 34,852,580

SIGNIFICANT ACCOUNTING POLICIES, note 1
CONTINGENT LIABILITIES, note 10

CITY OF PRINCE GEORGE

WATER OPERATING FUND REVENUE AND EXPENDITURE

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
Revenue		
User rates and meter rentals	$ 2,982,044	$ 2,894,484
Water facilities grant, schedule 2	1,143,794	1,217,698
Frontage tax and parcel charges	464,799	428,320
Return on investments	101,561	88,562
Contribution from Water Capital Reserves	-	2,920
Other	70	1,280
	4,692,268	4,633,264
Expenditure		
Administration	306,813	299,831
System maintenance	793,382	776,538
Pumping	695,305	729,065
Chlorination and fluoridation	60,617	38,433
Debt requirements		
Debenture principal	509,191	498,548
Debenture interest	1,576,664	1,598,918
Foreign exchange	131,534	142,177
Sinking fund deposit	9,734	9,734
Other fiscal services	3,578	30,908
Capital expenditures	88,228	82,918
	4,175,046	4,207,070
Surplus for the year	$ 517,222	$ 426,194

CITY OF PRINCE GEORGE

WATER OPERATING FUND SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
Balance, beginning of year	$ 1,041,364	$ 615,170
Surplus for the year	517,222	426,194
Balance, end of year	$ 1,558,586	$ 1,041,364

CITY OF PRINCE GEORGE

WATER FUND EQUITY IN CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
Balance, beginning of year as previously reported	$ 9,105,524	$ 9,025,645
Prior years' adjustment, note 9	8,899,054	8,174,415
Balance, beginning of year as restated	18,004,578	17,200,060
Increase in equity		
Return on investments	260,681	250,314
Contributions received		
For debt reduction from		
Water Operating Fund	509,191	498,548
Sinking Fund	9,734	9,734
For system improvement from		
Water Operating Fund	88,228	82,918
Water Capital Reserves	239,626	61,747
Government grants	119,141	-
Property owners	42,226	48,350
	1,268,827	951,611
Decrease in equity		
M.F.A. debt reserves	-	(6,980)
Contribution to Water Capital Reserves	(11,477)	(139,043)
Refund of connection fee	-	(1,070)
	(11,477)	(147,093)
Balance, end of year	$ 19,261,928	$ 18,004,578

CITY OF PRINCE GEORGE

WATER CAPITAL FUND

CHANGES IN CAPITAL RESERVES

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
Balance, beginning of year	$ 2,423,476	$ 2,122,598
Return on investments	220,266	226,502
Contribution from Water Capital Equity	11,477	139,043
Contribution from property owners	53,134	-
	284,877	365,545
Contribution to Water Operating Fund	-	(2,920)
Contribution to Water Capital Equity	(239,626)	(61,747)
	(239,626)	(64,667)
Balance, end of year	$ 2,468,727	$ 2,423,476

CITY OF PRINCE GEORGE

SEWER FUND BALANCE SHEET

DECEMBER 31, 1986

ASSETS

	1986	1985
OPERATING FUND		
Cash and short term deposits	$ 766,427	$ 868,002
Accounts receivable		
Province of British Columbia	1,989,542	1,961,076
Sewer rates	505,344	515,047
Deposit - Municipal Finance Authority	829,202	746,584
	4,090,515	4,090,709
CAPITAL FUND		
Cash and short term deposits	3,064,364	3,264,703
Sewer system, note 5	45,641,486	45,515,411
Work in progress	3,562,920	1,468,062
	52,268,770	50,248,176
	$ 56,359,285	$ 54,338,885

W.D. KENNEDY TREASURER

CITY OF PRINCE GEORGE

SEWER FUND BALANCE SHEET

DECEMBER 31, 1986

LIABILITIES

	1986	1985
OPERATING FUND		
Due to own funds	$ 1,334,604	$ 1,786,950
Reserve - Municipal Finance Authority	829,202	746,584
Surplus	1,926,709	1,557,175
	4,090,515	4,090,709
CAPITAL FUND		
Due to own funds	707,748	400,527
Unearned revenue	2,140	1,070
Debenture debt, schedule 1	30,781,294	31,273,804
Capital Reserves	1,162,734	2,175,705
Equity in Capital Assets	19,614,854	16,397,070
	52,268,770	50,248,176
	$ 56,359,285	$ 54,338,885

SIGNIFICANT ACCOUNTING POLICIES, note 1
CONTINGENT LIABILITIES, note 10

CITY OF PRINCE GEORGE

SEWER OPERATING FUND REVENUE AND EXPENDITURE

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
Revenue		
User rates	$ 3,107,625	$ 3,028,480
Sewerage facilities grant, schedule 2	3,616,089	3,536,197
Frontage tax and parcel charges	761,289	733,995
Contribution from Sewer Capital Reserves	17,590	29,990
Contribution from Blackburn-Airport Hill Sewer Specified Area Reserve	12,000	-
Return on investments	129,287	137,678
Other	52,053	50,245
	7,695,933	7,516,585
Expenditure		
Administration	145,267	143,745
Collection system	573,573	465,622
Lift stations	265,334	284,368
Treatment plant operation	813,170	872,616
Debt requirements		
Debenture principal	1,188,909	1,140,811
Debenture interest	4,092,862	4,005,515
Foreign exchange	175,420	163,512
Other fiscal services	24,070	57,476
Capital expenditures	47,794	50,258
	7,326,399	7,183,923
Surplus for the year	$ 369,534	$ 332,662

CITY OF PRINCE GEORGE

SEWER OPERATING FUND SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
Balance, beginning of year	$ 1,557,175	$ 1,224,513
Surplus for the year	369,534	332,662
Balance, end of year	$ 1,926,709	$ 1,557,175

CITY OF PRINCE GEORGE

SEWER FUND EQUITY IN CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
Balance, beginning of year as previously reported	$ 6,480,402	$ 6,857,922
Prior years' adjustment, note 9	9,916,668	8,559,335
Balance, beginning of year as restated	16,397,070	15,417,257
Increase in equity		
Return on investments	509,575	497,555
Contributions received		
For debt reduction from		
Sewer Operating Fund	1,188,909	1,140,811
For system improvement from		
Sewer Operating Fund	47,794	50,258
Sewer Capital Reserves	1,142,669	211,809
Property owners	121,601	217,713
Government grant	216,236	162,590
	3,226,784	2,280,736
Decrease in equity		
M.F.A. debt reserve	(9,000)	(8,946)
Contribution to Sewer Capital Reserves	-	(1,281,998)
Contribution to Blackburn-Airport Hill Sewer Specified Area Reserve	-	(9,979)
	(9,000)	(1,300,923)
Balance, end of year	$ 19,614,854	$ 16,397,070

CITY OF PRINCE GEORGE

SEWER CAPITAL FUND

CHANGES IN CAPITAL RESERVES

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
Balance, beginning of year	$ 2,175,705	$ 984,996
Return on investments	142,498	148,573
Contribution from Sewer Capital Equity	-	1,281,998
Contribution from property owners	4,790	1,937
	147,288	1,432,508
Contributions to Sewer Operating Fund	(17,590)	(29,990)
Contributions to Sewer Capital Equity	(1,142,669)	(211,809)
	(1,160,259)	(241,799)
Balance, end of year	$ 1,162,734	$ 2,175,705

CITY OF PRINCE GEORGE

RESERVE FUND BALANCE SHEET

DECEMBER 31, 1986

ASSETS

	1986	1985
LAND GRANT TRUST RESERVE		
Cash and short term deposits	$ 2,603,477	$ 1,929,773
Agreements for sale receivable, note 3	-	727,655
Investments, note 4	4,306	7,433
Land for development	15,817,024	15,786,904
	18,424,807	18,451,765
LAND SALE TRUST RESERVE		
Cash and short term deposits	4,012,963	3,224,819
Due from own funds	-	3,702
Land for road development	823,674	823,674
	4,836,637	4,052,195
RECREATION AND CULTURAL FUND RESERVE		
Cash and short term deposits	1,208,819	466,997
	1,208,819	466,997
FIRE EQUIPMENT RESERVE		
Cash and short term deposits	632,944	498,460
Due from own funds	-	4,003
	632,944	502,463
LOCAL IMPROVEMENT FUND RESERVE		
Cash and short term deposits	907,209	935,895
Due from own funds	78,955	8,946
	986,164	944,841
BALANCE FORWARD	$ 26,089,371	$ 24,418,261

CITY OF PRINCE GEORGE

RESERVE FUND BALANCE SHEET

DECEMBER 31, 1986

LIABILITIES

	1986	1985
LAND GRANT TRUST RESERVE		
Due to own funds	$ 10,232	$ 443
Mortgages and loans, note 8	1,112,046	1,193,100
Fund balance	17,302,529	17,258,222
	18,424,807	18,451,765
LAND SALE TRUST RESERVE		
Due to own funds	426,796	-
Deposits for road closures	7,500	30,000
Fund balance	4,402,341	4,022,195
	4,836,637	4,052,195
RECREATION AND CULTURAL FUND RESERVE		
Due to own funds	131,903	91,166
Fund balance	1,076,916	375,831
	1,208,819	466,997
FIRE EQUIPMENT RESERVE		
Due to own funds	247,596	-
Fund balance	385,348	502,463
	632,944	502,463
LOCAL IMPROVEMENT FUND RESERVE		
Fund balance	986,164	944,841
	986,164	944,841
BALANCE FORWARD	$ 26,089,371	$ 24,418,261

CITY OF PRINCE GEORGE

RESERVE FUND BALANCE SHEET

DECEMBER 31, 1986

ASSETS

	1986	1985
BALANCE FORWARD	$ 26,089,371	$ 24,418,261
DEVELOPMENT COST CHARGE RESERVE		
Cash and short term deposits	2,345,449	2,400,365
	2,345,449	2,400,365
DOWNTOWN OFF STREET PARKING AREA DEBT RETIREMENT RESERVE		
Cash and short term deposits	132,515	211,395
Due from own funds	6	-
	132,521	211,395
BLACKBURN - AIRPORT HILL WATER SPECIFIED AREA RESERVE FOR FUTURE EXPENDITURES RESERVE		
Cash and short term deposits	213,869	194,622
Due from own funds	23	286
	213,892	194,908
BLACKBURN - AIRPORT HILL SEWER SPECIFIED AREA RESERVE FOR FUTURE EXPENDITURES RESERVE		
Cash and short term deposits	192,295	177,923
Due from own funds	-	9,742
	192,295	187,665
BALANCE FORWARD	$ 28,973,528	$ 27,412,594

CITY OF PRINCE GEORGE

RESERVE FUND BALANCE SHEET

DECEMBER 31, 1986

LIABILITIES

	1986	1985
BALANCE FORWARD	$ 26,089,371	$ 24,418,261
DEVELOPMENT COST CHARGE RESERVE		
Due to own funds	16,436	144,810
Fund balance	2,329,013	2,255,555
	2,345,449	2,400,365
DOWNTOWN OFF STREET PARKING AREA DEBT RETIREMENT RESERVE		
Due to own funds	-	63,545
Fund balance	132,521	147,850
	132,521	211,395
BLACKBURN - AIRPORT HILL WATER SPECIFIED AREA RESERVE FOR FUTURE EXPENDITURES RESERVE		
Fund balance	213,892	194,908
	213,892	194,908
BLACKBURN - AIRPORT HILL SEWER SPECIFIED AREA RESERVE FOR FUTURE EXPENDITURES RESERVE		
Fund balance	192,295	187,665
	192,295	187,665
BALANCE FORWARD	$ 28,973,528	$ 27,412,594

CITY OF PRINCE GEORGE

RESERVE FUND BALANCE SHEET

DECEMBER 31, 1986

ASSETS

	1986	1985
BALANCE FORWARD	$ 28,973,528	$ 27,412,594
MOBILE EQUIPMENT RESERVE		
Cash and short term deposits	347,131	311,131
Due from own funds	11,662	-
	358,793	311,131
ROAD CONSTRUCTION RESERVE		
Cash and short term deposits	3,412,721	1,304,306
Due from own funds	-	1,628,432
	3,412,721	2,932,738
SOUTHWEST SECTOR RECREATION FACILITY RESERVE		
Cash and short term deposits	926,967	844,832
	926,967	844,832
	$ 33,672,009	$ 31,501,295

W.D. KENNEDY TREASURER

CITY OF PRINCE GEORGE

RESERVE FUND BALANCE SHEET

DECEMBER 31, 1986

LIABILITIES

	1986	1985
BALANCE FORWARD	$ 28,973,528	$ 27,412,594
MOBILE EQUIPMENT RESERVE		
Fund balance	358,793	311,131
	358,793	311,131
ROAD CONSRUCTION RESERVE		
Due to own funds	497,825	-
Fund balance	2,914,896	2,932,738
	3,412,721	2,932,738
SOUTHWEST SECTOR RECREATION FACILITY RESERVE		
Due to own funds	18,443	-
Fund balance	908,524	844,832
	926,967	844,832
	$ 33,672,009	$ 31,501,295

SIGNIFICANT ACCOUNTING POLICIES, note 1
CONTINGENT LIABILITIES, note 10

CITY OF PRINCE GEORGE

RESERVE FUND TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
LAND GRANT TRUST RESERVE		
Appropriated		
Balance, beginning of year as previously reported	$ 15,750,784	$ 17,068,840
Prior years' adjustments	-	(1,513,733)
Balance, beginning of year as restated	15,750,784	15,555,107
Return on investments	38,887	34,516
Allocation from non-appropriated reserve, net	25,787	-
Net increase in land for development	30,120	128,357
Payment of principal on mortgages and loans		
Danson I.D.S.A. agreement	38,381	1,244,191
Other	40,499	37,950
	173,674	1,445,014
Reduction of Danson I.D.S.A. agreement	(38,381)	(1,244,191)
Net decrease in agreements for sale	(727,655)	(5,146)
	(766,036)	(1,249,337)
Balance, end of year	$ 15,158,422	$ 15,750,784

CITY OF PRINCE GEORGE

RESERVE FUND TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
LAND GRANT TRUST RESERVE (continued)		
Non-appropriated		
Balance, beginning of year as previously reported	$ 1,507,438	$ 1,431,760
Prior years' adjustments	-	(98,767)
Balance, beginning of year as restated	1,507,438	1,332,993
Return on investments		
Cash and short term deposits	197,581	209,870
Agreements for sale	2,166	1,660
Contribution from General Operating Fund	175,225	180,063
Contribution from Land Sale Trust	-	19,190
Collections of agreements for sale	30,875	5,146
Sales of land	508,794	189,886
	914,641	605,815
Contribution to General Capital Fund	-	(182,000)
Subdivision development costs, net	(211,686)	(211,420)
Allocation to appropriated reserve, net	(25,787)	-
Payment of principal on mortgages and loans	(40,499)	(37,950)
	(277,972)	(431,370)
Balance, end of year	$ 2,144,107	$ 1,507,438
Total Appropriated	$ 15,158,422	$ 15,750,784
Total Non-appropriated	2,144,107	1,507,438
Fund Balance	$ 17,302,529	$ 17,258,222

CITY OF PRINCE GEORGE

RESERVE FUND TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
LAND SALE TRUST RESERVE		
Appropriated		
Balance, beginning of year	$ 823,674	$ 804,484
Increase in land for road development	-	19,190
Balance, end of year	$ 823,674	$ 823,674
Non-appropriated		
Balance, beginning of year	$ 3,198,521	$ 2,711,693
Return on investments	319,768	288,402
Contribution from General Operating Fund	159,688	167,689
Sale of land for road development	-	4,147
Sale of closed roads	82,409	45,780
	561,865	506,018
Contribution to General Capital Fund	(181,719)	-
Contribution to Land Grant Trust	-	(19,190)
	(181,719)	(19,190)
Balance, end of year	$ 3,578,667	$ 3,198,521
Total Appropriated	$ 823,674	$ 823,674
Total Non-appropriated	3,578,667	3,198,521
Fund Balance	$ 4,402,341	$ 4,022,195

CITY OF PRINCE GEORGE

RESERVE FUND TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
RECREATION AND CULTURAL FUND RESERVE		
Balance, beginning of year	$ 375,831	$ 1,198,940
Return on investments	68,458	78,884
Contribution from General Operating Fund	305,491	209,244
Contribution from General Capital Fund	778,485	-
Contribution from Fraser-Fort George Regional Hospital District	4,747	12,763
	1,157,181	300,891
Contribution to General Capital Fund	(405,107)	(1,124,000)
Contribution to Other Capital Reserves	(50,989)	-
	(456,096)	(1,124,000)
Balance, end of year	$ 1,076,916	$ 375,831
FIRE EQUIPMENT RESERVE		
Balance, beginning of year	$ 502,463	$ 388,757
Return on investments	48,822	45,378
Contribution from General Operating Fund	100,000	50,000
Contribution from Other Capital Reserves	-	13,828
Proceeds from Sale of Capital assets	-	10,500
	148,822	119,706
Contribution to General Capital Fund	(265,937)	(6,000)
Balance, end of year	$ 385,348	$ 502,463

CITY OF PRINCE GEORGE

RESERVE FUND TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
LOCAL IMPROVEMENT FUND RESERVE		
Balance, beginning of year	$ 944,841	$ 787,352
Return on investments	87,850	86,779
Contribution from General Operating Fund	116,128	134,196
	203,978	220,975
Contribution to General Capital Fund	(162,655)	(63,486)
Balance, end of year	$ 986,164	$ 944,841
DEVELOPMENT COST CHARGE RESERVE		
Balance, beginning of year	$ 2,255,555	$ 2,019,277
Return on investments	212,140	219,542
Development cost charges	42,366	117,736
Contribution from General Capital Fund	39,878	-
	294,384	337,278
Contribution to General Operating Fund	(35,000)	-
Contribution to General Capital Fund	(185,926)	(101,000)
	(220,926)	(101,000)
Balance, end of year	$ 2,329,013	$ 2,255,555
DOWNTOWN OFF STREET PARKING AREA DEBT RETIREMENT RESERVE		
Balance, beginning of year	$ 147,850	$ 162,064
Return on investments	13,289	14,406
Contribution to General Operating Fund	(28,618)	(28,620)
Balance, end of year	$ 132,521	$ 147,850

CITY OF PRINCE GEORGE

RESERVE FUND TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
BLACKBURN - AIRPORT HILL WATER SPECIFIED AREA RESERVE FOR FUTURE EXPENDITURES RESERVE		
Balance, beginning of year	$ 194,908	$ 177,051
Return on investments	18,984	17,857
Balance, end of year	$ 213,892	$ 194,908
BLACKBURN - AIRPORT HILL SEWER SPECIFIED AREA RESERVE FOR FUTURE EXPENDITURES RESERVE		
Balance, beginning of year	$ 187,665	$ 161,338
Return on investments	16,630	16,348
Contribution from Sewer Capital Fund	-	9,979
	16,630	26,327
Contribution to Sewer Operating Fund	(12,000)	-
Balance, end of year	$ 192,295	$ 187,665
MOBILE EQUIPMENT RESERVE		
Balance, beginning of year	$ 311,131	$ -
Return on investments	30,280	13,784
Contribution from General Operating Fund	-	172,865
Contribution from General Capital Fund	11,582	-
Contribution from Other Capital Reserves	-	124,482
Proceeds from Sale of Capital Assets	5,800	-
	47,662	311,131
Balance, end of year	$ 358,793	$ 311,131

CITY OF PRINCE GEORGE

RESERVE FUND TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
ROAD CONSTRUCTION RESERVE		
Balance, beginning of year	$ 2,932,738	$ -
Return on investments	283,679	127,825
Contribution from General Operating Fund	385,704	385,703
Contribution from Restructure Reserve	-	2,419,210
	669,383	2,932,738
Contribution to General Capital Fund	(687,225)	-
Balance, end of year	$ 2,914,896	$ 2,932,738
SOUTHWEST SECTOR RECREATION FACILITY RESERVE		
Balance, beginning of year	$ 844,832	$ -
Return on investments	81,815	47,832
Contribution from Restructure Reserve	-	797,000
	81,815	844,832
Contribution to General Capital Fund	(18,123)	-
Balance, end of year	$ 908,524	$ 844,832

CITY OF PRINCE GEORGE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1986

1. SIGNIFICANT ACCOUNTING POLICIES

The City of Prince George follows accounting principles generally accepted for municipalities in the Province of British Columbia, which reflect the following policies:

(a) Bases of Accounting

A modified accrual basis of accounting is used. Debt charges, and some Federal grants-in-lieu of taxes are reported using the cash basis.

Vacation, sick leave and firemens' gratuity accruals are based upon 100%, 25% and 100% respectively of the outstanding time due to the employees.

(b) Short-term Deposits

Short-term deposits are recorded at cost with interest accrued at the invested rate.

(c) Accounts Receivable

Provision has been made for anticipated losses on trade receivables.

(d) Inventory

Inventory is recorded at cost. Cost is generally determined on a first-in, first-out basis.

(e) Land for Development

Land for development is recorded at cost, which includes interest incurred during development, and the interest portion of the annual mortgage payments.

(f) Land, Buildings, Machinery and Equipment, and Engineering Structures

Land, buildings, machinery and equipment, and engineering structures are recorded at cost. Cost includes expenditures incurred to acquire, develop, study, finance or improve the above mentioned assets, and they normally confer benefits lasting beyond one year.

(g) Depreciation

Depreciation has not been provided, note 9.

(h) Operating and Capital Reserves

Operating and Capital Reserves consist of funds set aside from current and prior years' operations, third party contributions, and unexpended debenture debt, and are available for future years Operating and Capital expenditures.

(i) Debenture Debt

Certain debenture debt payable in U.S. dollars, German marks and Swiss francs, were originally recorded at the Canadian dollar equivalent at the time of issue. The exchange loss and sinking fund deficiencies reported below have not been reflected in these statements.

Currency	Outstanding Foreign Debt as Recorded	Exchange Rate Dec 31, 1986	Estimated Canadian Dollar Liability		Contingent Exchange Loss and Sinking Fund Deficiencies 1986	1985
U.S. dollars	$ 8,386,285	1.3809	$11,580,621	(i)	$3,194,336	$3,543,218
German marks	23,709	.8577	27,885	(ii)	4,176	1,483
Swiss francs	29,712	.7169	67,924	(ii)	38,212	17,532
	$ 8,439,706		$11,676,430		$3,236,724	$3,562,233

(i) Exchange loss
(ii) Sinking fund deficiency

The sinking fund deficiencies listed above are funded with the Municipal Finance Authority of British Columbia in the year subsequent to their calculation.

(j) Non-Consolidation

These financial statements reflect only the revenues and expenditures of the General, Water, Sewer and Reserve funds of the City of Prince George. These statements include those assets financed by debt, and the related debt for the Prince George Downtown Parking Commission or the Prince George Public Library. No investment for these commissions is recorded. Separate financial statements for these commissions are included.

2. ACCOUNTS RECEIVABLE - Other

	1986	1985
Garbage rates	$ 196,133	$ 204,070
Trade accounts	210,993	677,594
Connection charges	127,745	175,235
	$ 534,871	$ 1,056,899

3. AGREEMENTS FOR SALE RECEIVABLE - LAND GRANT TRUST

	1986	1985
School District No. 57	$ -	$ 696,780
Lions Recreational and Cultural Society	-	30,875
	$ -	$ 727,655

4. INVESTMENTS

	1986	1985
(a) Cemetery Trust		
Bonds and debentures, at cost	$ 48,256	$ 48,256
Accrued interest	866	866
	$ 49,122	$ 49,122
(b) Land Grant Trust Reserve		
Bonds and debentures, at cost	$ 4,289	$ 7,341
Accrued interest	17	92
	$ 4,306	$ 7,433

5. LAND, BUILDINGS, MACHINERY AND EQUIPMENT, AND ENGINEERING STRUCTURES

	1986	1985
GENERAL FUND		
Land	$ 7,596,861	$ 7,037,974
Buildings	26,308,818	23,642,995
Machinery and equipment	14,658,395	13,099,154
Engineering structures	76,756,575	70,420,589
	$125,320,649	$114,200,712
WATER FUND		
Land	$ 135,451	$ 135,451
Buildings	945,645	935,766
Machinery and equipment	176,653	159,653
Engineering structures	27,465,315	27,324,669
	$ 28,723,064	$ 28,555,539
SEWER FUND		
Land	$ 335,806	$ 335,806
Buildings	6,322	2,344
Machinery and equipment	189,728	179,605
Engineering structures	45,109,630	44,997,656
	$ 45,641,486	$ 45,515,411

6. TAXATION - net

Taxation revenue comprises the following amounts raised less transfers to other governments:

Taxation	1986	1985
General municipal purposes	$ 20,844,884	$ 20,142,989
Special assessments	2,435,960	2,404,330
Collection for other governments		
Regional District of Fraser-Fort George	697,582	640,857
School Taxes	19,903,842	26,245,943
Fraser-Fort George Regional Hospital District	1,262,270	1,717,431
B.C. Assessment Authority	702,228	730,314
Municipal Finance Authority	9,587	10,288
	45,856,353	51,892,152
Transfer to other governments		
Regional District of Fraser-Fort George	697,582	640,856
School District #57	7,885,529	7,513,568
Province of British Columbia Non-Residential School Taxes	12,018,314	18,732,184
Fraser-Fort George Regional Hospital District	1,262,270	1,717,431
B.C. Assessment Authority	702,228	730,313
Municipal Finance Authority	9,592	10,279
Other Transfers		
Contribution to Sewer and Water	1,226,087	1,162,315
	23,801,602	30,506,946
Net taxation available for municipal purposes	$ 22,054,751	$ 21,385,206

$5,717,039 (1985 - $5,673,217) has been contributed by the Province of British Columbia in the form of grants to homeowners.

7. CONTRIBUTION TO/FROM RESERVE FUNDS

	1986	1985
Contribution to reserve funds		
Land Grant Trust Reserve	$ 175,225	$ 180,063
Land Sale Trust Reserve	159,688	167,689
Recreation and Cultural Fund Reserve	305,491	209,244
Fire Equipment Reserve	100,000	50,000
Local Improvement Fund Reserve	116,128	134,196
Mobile Equipment Reserve	-	172,865
Road Construction Reserve	385,704	385,703
	$ 1,242,236	$ 1,299,760
Contribution from reserve funds		
Development Cost Charge Reserve	$ 35,000	$ -
Downtown Off Street Parking Area Debt Retirement Reserve	28,618	28,620
	$ 63,618	$ 28,620

8. MORTGAGES AND OTHER LOANS - LAND GRANT TRUST

	1986	1985
(a) Mortgage - David Thomas Williams, principal payments of $14,000 annually, no interest.	$ 42,000	$ 56,000
(b) Loan - Canada Mortgage and Housing Corp. annual payments of $72,863 principal and interest at 10 3/8% per annum.	430,262	458,935
(c) Loan - I.D.S.A. Industrial Parks program, repayable from proceeds of subdivision sales, principal payable annually on June 1, interest at one half of prime payable annually on May 1, balance due June 1, 1990.	639,784	678,165
	$ 1,112,046	$ 1,193,100

8. MORTGAGES AND OTHER LOANS - LAND GRANT TRUST Cont'd

The following are the principal payments due for the next five years on the above mortgages and loans.

1987	$ 43,319
1988	$ 46,440
1989	$ 49,893
1990	$ 731,877
1991	$ 43,941

9. PRIOR YEARS' ADJUSTMENTS

General Operating Fund

During the year the Municipal Superannuation Branch of British Columbia was successful in an appeal of a court ruling regarding employer superannuation contributions for certain employees dating back to 1958. The opening balances of the General Operating Fund Surplus for the years 1985 and 1986 have been adjusted to reflect the full amount of the decision, $191,623. The Accounts Payable - Province of British Columbia balance for 1985 has been increased from the $603,418 previously reported to $795,041.

Water and Sewer Capital Funds

The Ministry of Municipal Affairs and Transit issued the following accounting principal during 1986: "Depreciation should not be recorded for municipal accounting purposes". In order to comply with this principle, the City has changed its policy of claiming depreciation on buildings, machinery and equipment, and engineering structures in the Water and Sewer Utility Funds as a direct charge to Equity in Capital Assets, to that stated above.

The 1986 financial statements give retroactive effect to this change in accounting policy, and the comparative figures have been restated as follows:

Water Capital Fund

Depreciation claimed in 1985 of $724,639 (previous years - $8,174,415) has been adjusted back to Equity in Capital Assets. Accumulated Depreciation of $8,899,054 in 1985 (previous years - $8,174,415) has been reversed, thus increasing the buildings, machinery and equipment, and engineering structures by a like amount.

9. PRIOR YEARS' ADJUSTMENTS Cont'd

Sewer Capital Fund

Depreciation claimed in 1985 of $1,357,333 (previous years - $8,559,335) has been adjusted back to Equity in Capital Assets. Accumulated Depreciation of $9,916,668 in 1985 (previous years - $8,559,335) has been reversed, thus increasing the buildings, machinery and equipment, and engineering structures by a like amount.

10. CONTINGENT LIABILITIES

(a) The City of Prince George is jointly and severally liable, as a member of the Regional District of Fraser-Fort George for any sinking fund deficiencies and capital debt issued through the Regional District.

(b) The municipality has issued demand notes to the Regional District of Fraser-Fort George totalling $3,834,527. These notes are callable by the Regional District to meet obligations of the Municipal Finance Authority debt reserve fund.

11. SUBSEQUENT EVENT

On January 22, 1987, the City received an Appeal Board Decision reducing specific assessments on the 1985 and 1986 tax rolls. The decision requires a refund of property taxes of $1,544,194 plus interest, of which the City's share is $352,333 plus interest. The City's share of this refund is included in the 1986 contribution to the General Operating Fund Reserve for Future Expenditures.

12. COMPARATIVE FIGURES

Certain of the prior years' figures have been reclassified to conform to the current year's presentation.

Schedule 1

CITY OF PRINCE GEORGE

DEBENTURE DEBT

DECEMBER 31, 1986

By-law	Date of Issue	Purpose	Term Remaining in Years	Rate	Issued and Outstanding 1986	Issued and Outstanding 1985	
GENERAL FUND							
General Debt							
N26	03/01/66	Firehall	0	5.375	$ -	$ 1,105	
1971B	10/15/66	New City Hall	0	5.250	-	21,101	
1971C	09/15/67	New City Hall	1	5.250	4,836	9,430	
1910	09/15/67	Fire Hall No. 2	1	6.000	8,000	16,000	
1971A	09/15/67	New City Hall	1	6.000	10,000	20,000	
2137	06/15/69	Swimming Pool	3	8.000	87,000	116,000	
2406	04/01/72	Kin Exhibit Centre	6	6.240	91,105	103,324	
2435	07/01/72	Police Station	6	6.495	419,481	475,251	
2525A	03/01/74	Downtown Parking	8	9.000	252,705	277,908	
2525B	04/16/74	Downtown Parking	8	9.000	265,918	292,440	
2641	01/15/75	Massey Dr underpass	9	9.850	147,218	157,150	b
2641	01/15/75	Massey Dr underpass	9	9.850	10,284	10,978	b
2892	04/01/76	Massey Dr underpass	10	8.739	343,485	364,537	
2893	10/15/76	Canopies	10	8.700	129,905	137,885	b
2893	10/15/76	Second Ave Parkade	10	8.700	1,685,257	1,788,773	b
2893	06/01/77	Second Ave Parkade	11	9.840	29,873	31,875	
2893	06/01/77	Canopies	11	9.840	2,305	2,459	
3605	12/01/80	Plaza Parkade	14	13.800	574,523	588,159	b
3676	04/29/81	Plaza Parkade	15	14.000	1,665,781	1,739,301	
3820	10/28/81	Plaza Parkade	15	15.500	519,216	542,132	b
3997	06/28/82	Xerox Loan	0	PRIME	-	18,230	a
3888	06/30/82	Off Street Parking	16	16.750	608,756	633,263	
4115	03/01/83	Library Automation	2	PRIME	119,088	168,566	a
4393	06/20/85	Downtown Revitalization	10	4.800	211,140	211,140	
					$7,185,876	$7,727,007	
Hospital Debt							
1870	11/15/65	Addition	0	6.000	$ -	$ 9,000	

(a) Short term borrowing
(b) Payable in U.S. dollars

CITY OF PRINCE GEORGE

DEBENTURE DEBT

DECEMBER 31, 1986

By-law	Date of Issue	Purpose	Term Remaining in Years	Rate	Issued and Outstanding 1986	Issued and Outstanding 1985	
GENERAL FUND (cont'd)							
Storm Sewer Debt							
1843B	04/01/66	Pipeline extension	0	5.250	$ -	$ 8,177	
1843A	05/15/66	Pipeline extension	0	6.000	-	3,000	
1811	07/15/66	Pipeline extension	0	5.750	-	34,000	
1909	09/15/67	Pipeline extension	1	6.000	21,000	42,000	
2289	10/01/71	Pipeline extension	5	8.375	125,347	144,918	b
2290	10/01/71	Pipeline extension	5	8.375	206,375	238,592	b
2289	12/01/71	Pipeline extension	5	7.750	7,667	8,890	
2290	12/01/71	Pipeline extension	5	7.750	12,623	14,633	
2641	01/15/75	Pipeline extension	9	9.850	287,478	306,871	b
2641	01/15/75	Pipeline extension	9	9.850	20,092	21,448	b
3064	12/01/77	Pipeline extension	11	9.440	199,959	213,364	
3064	12/01/77	Pipeline extension	11	9.440	494,563	527,717	
3064	12/01/77	Pipeline extension	11	9.440	299,938	320,045	
3227	11/15/78	Pipeline extension	12	9.920	256,031	271,352	
3481	06/02/80	Pipeline extension	14	11.375	1,509,155	1,582,492	
3676	04/29/81	Storm drains	20	14.000	265,268	272,907	
4083	06/15/83	Storm drainage	17	12.350	389,591	396,454	
4083	06/15/83	Storm drainage	17	12.350	71,616	72,878	
4083	06/15/83	Storm drainage	17	12.350	286,464	291,511	
4200	11/22/83	Storm drainage	17	11.250	81,419	84,420	
4200	11/22/83	Storm sewer	17	11.250	482,184	499,955	
					$ 5,016,770	$ 5,355,624	
Total General Fund Debt					$12,202,646	$13,091,631	

(b) Payable in U.S. dollars

CITY OF PRINCE GEORGE

DEBENTURE DEBT

DECEMBER 31, 1986

By-law	Date of Issue	Purpose	Term Remaining in Years	Rate	Issued and Outstanding 1986	Issued and Outstanding 1985	
WATER FUND							
AH6	01/01/66	Waterworks system - Airport Hill	5	5.375	$ 6,690	$ 7,830	
NID47	03/01/66	Mains extension - Nechako	6	6.000	315,000	357,000	
AH7	03/01/66	Waterworks system - Airport Hill	5	5.500	4,600	5,400	
1934	04/01/67	Mains extension	1	6.000	11,000	22,000	
CG15	03/04/68	Waterworks system - Charella Gardens	7	6.000	5,023	5,587	
2077	10/01/68	Reservoir construction - No.2 Cranbrook Hill	2	7.250	50,000	75,000	
CG19	12/15/68	Waterworks system - Charella Gardens	7	6.000	771	858	
BW30	02/15/71	Waterworks system - Blackburn	10	7.000	465,000	465,000	c
2289A	10/01/71	Mains extension	5	8.375	86,836	100,383	b
2290A	10/01/71	Mains extension	5	8.375	94,508	109,261	b
2289B	12/01/71	Mains extension	5	7.750	5,310	6,155	
2290B	12/01/71	Mains extension	5	7.750	5,781	6,702	
2525	03/01/74	Pipeline extension	8	9.000	416,963	458,548	
2525	04/16/74	Pipeline extension	8	9.000	438,765	482,526	
2641	01/15/75	Pipeline extension	9	9.000	290,637	310,244	b
2641	01/15/75	Pipeline extension	9	9.000	20,313	21,683	b
2641	01/15/75	Reservoir - B.C.R.	9	9.000	101,723	108,585	b
2641	01/15/75	Reservoir - B.C.R.	9	9.000	7,114	7,594	b
3064	12/01/77	Waterworks system - Southwest	11	9.440	1,110,632	1,185,086	
3064	12/01/77	Waterworks system - Blackburn	11	9.440	282,608	301,552	
3064	12/01/77	Waterworks system - Nechako	11	9.440	299,938	320,045	
3064	12/01/77	Waterworks system	11	9.440	309,935	330,712	
Balance Forward					$ 4,329,147	$ 4,687,751	

(b) Payable in U.S. dollars
(c) Sinking Fund

CITY OF PRINCE GEORGE

DEBENTURE DEBT

DECEMBER 31, 1986

By-law	Date of Issue	Purpose	Term Remaining in Years	Rate	Issued and Outstanding 1986	Issued and Outstanding 1985
WATER FUND (cont'd)						
Balance Forward					$ 4,329,147	$ 4,687,751
3227	11/15/78	Waterworks system	12	9.920	469,398	497,485
3227	11/15/78	Waterworks system - Western Acres	12	9.920	17,783	18,846
3227	11/15/78	Waterworks system - Nechako	12	9.920	924,572	979,893
3227	11/15/78	Waterworks system - Southwest	12	9.920	426,726	452,259
3227	11/15/78	Waterworks system	12	9.920	106,683	113,067
3481	06/02/80	Waterworks system	14	11.375	103,260	108,277
3481	06/02/80	Waterworks system - Southwest	14	11.375	174,745	183,237
3676	04/29/81	Water distribution - Core	20	14.000	123,792	127,357
3676	04/29/81	Water distribution - Nechako	20	14.000	159,160	163,745
3676	04/29/81	Water pumping-Core	20	14.000	663,169	682,269
3820	10/28/81	Water pumping-Core	20	15.500	1,341,292	1,379,925 b
3888	06/30/82	Water pumping - Nechako	21	15.125	163,745	168,110
3888	06/30/82	Waterworks system - Southwest	16	15.125	217,413	226,165
3888	06/30/82	Water pumping-Core	21	15.125	454,846	466,974
4032	10/27/82	Water distribution - Southwest	16	12.500	7,392	7,690
4083	06/15/83	Water main	17	12.350	82,597	84,052
4083	06/15/83	Water booster - Southwest	17	12.350	28,646	29,151
4139	11/22/83	Water systems - Southwest	17	11.250	94,989	98,490
4200	11/22/83	Water distribution - Nechako	17	11.250	293,110	303,913
4200	11/22/83	Water booster - Southwest	17	11.250	25,330	26,264
Balance Forward					$10,207,795	$10,804,920

(b) Payable in U.S. dollars

CITY OF PRINCE GEORGE

DEBENTURE DEBT

DECEMBER 31, 1986

By-law	Date of Issue	Purpose	Term Remaining in Years	Rate	Issued and Outstanding 1986	Issued and Outstanding 1985
WATER FUND (cont'd)						
Balance Forward					$10,207,795	$10,804,920
4200	11/22/83	Water distribution - Core	17	11.250	226,165	234,501
4283	05/15/84	Water systems -Core	18	11.625	29,547	30,547
4283	05/15/84	Water systems -Core	18	11.625	422,101	436,391
4283	05/15/84	Water systems - Nechako	18	11.625	26,264	27,153
4461	06/12/85	Water systems - Nechako	19	12.000	676,891	698,000
Total Water Fund Debt					$11,588,763	$12,231,512

CITY OF PRINCE GEORGE

DEBENTURE DEBT

DECEMBER 31, 1986

By-law	Date of Issue	Purpose	Term Remaining in Years	Rate	Issued and Outstanding 1986	Issued and Outstanding 1985	
SEWER FUND							
1855	06/15/66	Pipeline extension	0	5.750	$ -	$ 8,000	
2107B	09/01/67	Pipeline extension	1	5.375	15,627	30,448	
2106	12/01/68	Sewage treatment plant	2	6.250	50,295	73,214	
2106A	03/01/69	Pipeline extension	3	7.500	30,000	40,000	
2107A	03/01/69	Pipeline extension	3	7.500	39,000	52,000	
2281	09/01/70	Sewage plant & extension	4	6.875	46,074	55,774	
SF60	08/01/71	Sanitary sewer	10	7.250	32,849	35,023	
2289	10/01/71	Pipeline extension	5	8.375	125,346	144,919	b
2289	12/01/71	Pipeline extension	5	7.750	7,667	8,889	
SF57	03/01/72	Sanitary sewer	11	7.630	45,976	49,057	
SF57	10/01/72	Sanitary sewer	6	7.495	23,709	27,028	d
SF57	11/15/72	Sanitary sewer	6	7.495	11,378	12,971	e
SF67	11/15/72	Sanitary sewer	6	7.496	18,334	20,902	e
2482	01/01/73	Sanitary sewer main	7	7.500	78,350	86,597	
SF67	06/01/73	Sanitary sewer	7	7.998	6,121	6,750	
2525	03/01/74	Pipeline extension	8	9.000	75,812	83,373	
2525	04/16/74	Pipeline extension	8	9.000	79,777	87,733	
SF85	01/15/75	Sanitary sewer	14	9.880	14,516	14,992	b
2641	01/15/75	Sewage treatment plant	9	9.850	420,160	448,505	b
2641	01/15/75	Sewage treatment plant	9	9.850	29,365	31,346	b
2641	01/15/75	Sewage disposal site	9	9.850	114,927	122,680	b
2641	01/15/75	Sewage disposal site	9	9.850	8,034	8,575	b
2913	03/01/75	Sewage treatment plant	14	7.770	826,794	859,001	
2893	10/15/76	Airport Blackburn sewer	10	8.700	291,408	309,308	b
2893	10/15/76	Airport Blackburn sewer	10	8.700	189,592	201,238	b
2893	10/15/76	Airport Blackburn sewer	10	8.700	561,753	596,258	b
2896	10/15/76	Airport Blackburn sewer	10	8.700	983,067	1,043,451	b
Balance Forward					$ 4,125,931	$ 4,458,032	

(b) Payable in U.S. dollars
(d) Payable in German marks
(e) Payable in Swiss francs

CITY OF PRINCE GEORGE

DEBENTURE DEBT

DECEMBER 31, 1986

By-law	Date of Issue	Purpose	Term Remaining in Years	Rate	Issued and Outstanding 1986	Issued and Outstanding 1985
SEWER FUND (cont'd)						
Balance Forward					$ 4,125,931	$ 4,458,032
2893	06/01/77	Airport Blackburn sewer	11	9.840	3,362	3,587
2893	06/01/77	Airport Blackburn sewer	11	9.840	5,167	5,513
2893	06/01/77	Airport Blackburn sewer	11	9.840	9,958	10,626
2896	06/01/77	Airport Blackburn sewer	11	9.440	17,427	18,595
3064	12/01/77	Nechako sewers	11	9.440	2,089,893	2,229,993
3064	12/01/77	Southwest area sewers	11	9.440	547,552	584,258
3064	12/01/77	Sanitary sewers	11	9.440	133,306	142,243
3227	11/15/78	Nechako sewers	12	9.920	2,037,257	2,159,154
3227	11/15/78	Sanitary sewers	12	9.920	408,947	433,416
3227	11/15/78	Sanitary sewers	12	9.920	216,921	229,900
3227	11/15/78	Sanitary sewers	12	9.920	711,211	753,765
3481	06/02/80	Sanitary sewers	14	11.375	238,288	249,868
3676	04/29/81	Sanitary sewers	20	14.000	132,635	136,454
3888	06/30/82	Sanitary sewers	21	15.125	545,815	560,368
4032	10/27/82	Sewage lagoon	16	12.500	65,224	67,850
4032	10/27/82	Sewage treatment plant	16	12.500	4,348,253	4,523,301
3888	06/30/82	Sewage treatment plant	21	15.125	3,365,861	3,455,605
3888	06/30/82	Sanitary sewers	21	15.125	1,819,385	1,867,895
4083	06/15/83	Sewerage collection	17	12.350	7,018	7,142
4083	06/15/83	Sewage lagoon	17	12.350	49,654	50,529
4139	11/22/83	Sewer systems - Nechako	17	11.250	67,850	70,350
4139	11/22/83	Sewer systems - Southwest	17	11.250	1,375,084	1,425,764
4200	11/22/83	Sewer treatment	17	11.250	5,563,661	5,768,717
Balance Forward					$27,885,660	$29,212,925

CITY OF PRINCE GEORGE

DEBENTURE DEBT

DECEMBER 31, 1986

By-law	Date of Issue	Purpose	Term Remaining in Years	Rate	Issued and Outstanding 1986	Issued and Outstanding 1985
SEWER FUND (cont'd)						
Balance Forward					$27,885,660	$29,212,925
4283	05/15/84	Sewer system -Core	18	11.625	25,936	26,814
4283	05/15/84	Sewer system - Nechako	18	11.625	750,402	775,806
4283	05/15/84	Sewer systems - Nechako	18	11.625	211,051	218,195
4244	05/15/84	Sewer systems - Nechako	18	11.625	140,700	145,464
4461	06/12/85	Sewer system -Core	19	12.000	254,076	262,000
4461	06/12/85	Sewer system - Southwest	19	12.000	613,469	632,600
4477	06/02/86	Sewer system -Nech	20	9.375	750,000	-
4477	06/02/86	Sewer system -Nech	20	9.375	150,000	-
Total Sewer Fund Debt					$30,781,294	$31,273,804

The City of Prince George has the following authorized but unissued Loan authorization at December 31, 1986.

By-law Number	Purpose	Amount of Borrowing Authorized
4477	Sanitary Sewer	$ 306,000

Schedule 2

CITY OF PRINCE GEORGE

CONTRIBUTIONS FROM OTHER GOVERNMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
General Operating Fund		
Fraser-Fort George Regional Hospital District	$ 9,540	$ 13,253
Provincial		
Revenue sharing	2,672,448	2,569,072
Ministry of Highways	-	8,000
Emergency measures	6,850	6,850
	2,679,298	2,583,922
	$ 2,688,838	$ 2,597,175
Water Operating Fund		
Water facilities assistance grant	$ 1,143,794	$ 1,217,698
Sewer Operating Fund		
Sewerage facilities assistance grant	$ 3,616,089	$ 3,536,197

Schedule 3

CITY OF PRINCE GEORGE

SALES OF SERVICES

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
Garbage collection charges	$ 1,226,063	$ 1,251,017
Protective services and prisoner accommodation	362,538	306,770
Transportation services	792,142	738,754
Recreational and cultural services		
Arenas	508,356	529,940
Four Seasons Pool	622,638	212,677
Civic Centre	90,522	98,906
Other	285,922	163,804
Sundry	209,117	221,092
	$ 4,097,298	$ 3,522,960

Schedule 4

CITY OF PRINCE GEORGE

DEPARTMENTAL EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
GENERAL GOVERNMENT		
City Council	$ 188,948	$ 198,258
General administration	1,445,533	1,239,702
Financial services	1,530,979	1,515,610
Personnel services	312,008	322,357
Civic buildings	283,848	272,284
	$ 3,761,316	$ 3,548,211
PROTECTION TO PERSONS AND PROPERTY		
Policing		
R.C.M.P. contract	$ 5,107,832	$ 4,820,406
Other	1,026,870	1,015,890
	6,134,702	5,836,296
By-Law enforcement	219,500	207,436
Fire protection		
Hydrant charges	212,917	164,528
Fire fighting force	3,628,911	3,588,441
Other	652,001	616,657
	4,493,829	4,369,626
Building and plumbing inspection	380,309	373,664
Animal control	199,655	194,968
Other	56,808	67,763
	$11,484,803	$11,049,753

CITY OF PRINCE GEORGE

DEPARTMENTAL EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
TRANSPORTATION SERVICES		
Common Services		
Engineering	$ 493,803	$ 493,694
Public Works headquarters	854,561	844,617
	1,348,364	1,338,311
Equipment Fleet		
Operating costs	2,244,847	2,311,389
Less: Equipment rentals	(2,749,753)	(2,740,292)
	(504,906)	(428,903)
Road Transportation		
Administration	117,197	125,577
Snow control	1,785,059	1,589,704
Roads and streets maintenance	1,477,173	1,255,687
Street lighting	652,473	601,607
Traffic services	342,628	325,197
Parking	236,566	259,186
Storm drainage	291,201	258,532
	4,902,297	4,415,490
Public Transit	918,108	948,501
	$ 6,663,863	$ 6,273,399
SANITATION AND WASTE REMOVAL		
Administration and other	$ 122,907	$ 145,978
Landfill	223,863	251,354
Public transfer station	110,998	117,234
Yearly clean-up campaign	35,305	47,951
Collection	774,604	748,480
	$ 1,267,677	$ 1,310,997

CITY OF PRINCE GEORGE

DEPARTMENTAL EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
PUBLIC HEALTH AND WELFARE		
Cemetery operation and maintenance	$ 129,588	$ 143,757
ENVIRONMENTAL DEVELOPMENT		
City planning	$ 311,443	$ 347,010
Welcome signs	1,558	992
Tourist camp	19,930	19,338
Celebrations and parades	30,969	11,321
	$ 363,900	$ 378,661
RECREATION AND CULTURAL SERVICES		
Recreation facilities		
Civic Centre	$ 211,137	$ 211,752
Arenas	1,002,841	989,336
Four Seasons Pool	853,280	453,525
Exhibition grounds	128,868	117,488
	2,196,126	1,772,101
Cultural facilities		
Grant to Library Board	1,137,535	1,119,988
Parks and Playgrounds		
Administration and other	86,662	84,138
Parks maintenance	415,742	388,823
Greenhouses and floral displays	38,691	55,282
	541,095	528,243
Other recreational services	692,834	613,846
	$ 4,567,590	$ 4,034,178

Schedule 5

CITY OF PRINCE GEORGE

COMMISSIONS OF THE CITY

DECEMBER 31, 1986

DOWNTOWN PARKING COMMISSION

The Downtown Parking Commission was established by the City to manage off street parking facilities in a specified area (established pursuant to the provisions of the Municipal Act) of the Central Business District. An annual tax levy is imposed on the properties for the payment of the annual debt charges.

Operating Revenues and Expenditures are reported separately in the Financial Statements of the Downtown Parking Commission.

The City's General Operating, General Capital and Reserve Fund statements include fixed assets, internal debt, debenture debt, capital reserve, debt retirement reserve and annual levy related to the provision of off street parking. They are:

(a) Fixed assets - at cost (General Capital)

	1986	1985
5th Avenue & Brunswick Street Parkade	$ 365,550	$ 358,300
2nd Avenue Parkade	2,745,086	2,731,312
5th Avenue & Queensway Street Parkade	3,797,913	3,797,913
2nd and 3rd Ave. & Queensway Land	591,770	591,770
	$ 7,500,319	$ 7,479,295

(b) Internal debt (General Capital)

	1986	1985
Payable to the Land Sale Trust Reserve in annual installments of $34,700, matures in 1990.	$ 138,800	$ 173,500
Payable to the Land Sale Trust Reserve in annual installments of $16,500, matures in 1990.	66,000	82,500
	$ 204,800	$ 256,000

CITY OF PRINCE GEORGE

COMMISSIONS OF THE CITY

DECEMBER 31, 1986

(c) Debenture debt (General Capital)

Bylaw	Date of Issue	Annual Payments — Principal	Interest	Foreign Exch.	Rate %	Mature	1986	1985
2525A	03/01/74	$ 14,736	$ 43,853	$ -	9.00	1994	$ 252,704	$ 277,908
2525B	04/16/74	15,507	46,147	-	9.00	1994	265,919	292,440
2893	10/15/76	112,522	146,617	98,706	8.70	1996	1,685,257	1,788,773
2893	06/01/77	1,355	4,426	-	9.84	1997	29,873	31,875
3605	12/01/80	15,518	79,284	36,110	13.80	2000	574,523	588,159
3676	04/29/81	60,485	280,000	-	14.00	2001	1,665,781	1,739,301
3820	10/28/81	18,853	75,586	35,972	15.50	2001	519,216	542,132
3888	06/30/82	21,170	105,875	-	16.75	2002	608,755	633,262
		$260,146	$781,788	$170,788			$5,602,028	$5,893,850

The foreign exchange component was estimated using the December 31, 1986, U.S. exchange rate of $1.3809.

(d) Capital Reserves

	1986	1985
General capital fund	$ 177,159	$ 216,415
Land grant trust reserve	397,801	358,914
	$ 574,960	$ 575,329

(e) Downtown off street parking area debt retirement reserve

	1986	1985
Annual payments of $28,620 are being applied against debenture debt payments	$ 132,521	$ 147,849

* See also City of Prince George Reserve Funds

(f) Annual levy (General Operating)

	1986	1985
Total levy to property owners	$ 976,415	$1,002,329

The above is reduced annually by a contribution from the Downtown Parking Commission Operations. (1986 - $120,000, 1985 - $60,000)

CITY OF PRINCE GEORGE

COMMISSIONS OF THE CITY

DECEMBER 31, 1986

PRINCE GEORGE PUBLIC LIBRARY

The Prince George Public Library is managed by a Library Board constituted pursuant to the Libraries Act. The Library Board publishes separate financial statements.

The Library buildings and equipment are owned by the City of Prince George, and the General Capital Statements of the City include fixed assets, internal debt, and short term borrowing for Library facilities, as set out below:

(a) Fixed assets - at cost

	1986	1985
Library building	$ 4,173,877	$ 4,173,877
Library sprinkler system	9,084	9,084
Library automation	332,547	332,547
Library theft detection system	82,411	-
	$ 4,597,919	$ 4,515,508

(b) Internal debt

	1986	1985
By-Law #3323 - payable to Land Grant Trust Reserve in annual payments of $107,500 against principal plus interest on outstanding balance at 4.5%	$ 1,397,500	$ 1,505,000
By-Law #4130 - payable to the Recreation and Cultural Reserve fund in equal annual installments of $117,531 including interest at 10.27%.	567,140	620,904
	$ 1,964,640	$ 2,125,904

(c) Short term borrowing

	1986	1985
By-Law #4115 - Payable to the Bank of Nova Scotia, varying rates of principal (1987 - $55,910, 1986 - $49,478), interest at prime	$ 119,088	$ 168,566

PRINCE GEORGE DOWNTOWN PARKING COMMISSION

FINANCIAL STATEMENTS

DECEMBER 31, 1986

PRINCE GEORGE DOWNTOWN PARKING COMMISSION

Auditors' Report

Financial Statements - 31 December 1986

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AUDITORS' REPORT

To the Members of
The Prince George Downtown Parking Commission

We have examined the balance sheet of the Prince George Downtown Parking Commission as at 31 December 1986 and the statements of operating fund surplus, equity in capital assets and operating revenue and expenditure for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Prince George Downtown Parking Commission as at 31 December 1986 and the results of its operations for the year then ended in accordance with accounting policies set out in the notes to the financial statements, applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Prince George, B. C.
16 February 1987

CHARTERED ACCOUNTANTS

PRINCE GEORGE DOWNTOWN PARKING COMMISSION

BALANCE SHEET

31 DECEMBER 1986

ASSETS

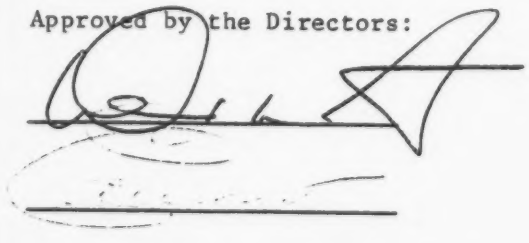
	1986	1985
OPERATING FUND		
Cash	$ 145,432	$ 35,522
Short term deposits	60,000	120,000
Accounts receivable	4,276	12,725
Accrued interest receivable	360	3,015
	210,068	171,262
CAPITAL FUND		
Fixed assets, note 1	208,056	195,520
	$ 418,124	$ 366,782

LIABILITIES

OPERATING FUND		
Accounts payable	$ 31,768	$ 33,221
Rents received in advance	22,245	16,187
	54,013	49,408
Surplus, note 2	156,055	121,854
	210,068	171,262
CAPITAL FUND		
Equity in capital assets, note 3	208,056	195,520
	$ 418,124	$ 366,782

SIGNIFICANT ACCOUNTING POLICIES, note 1

Approved by the Directors:



PRINCE GEORGE DOWNTOWN PARKING COMMISSION

STATEMENT OF OPERATING FUND SURPLUS AND EQUITY IN CAPITAL ASSETS

FOR THE YEAR ENDED 31 DECEMBER 1986

OPERATING FUND SURPLUS

	1986	1985
Balance, beginning of year	$ 121,854	$ 21,557
Excess of revenue over expenditure for the year	154,201	160,297
	276,055	181,854
Transfer to City of Prince George	120,000	60,000
	$ 156,055	$ 121,854

EQUITY IN CAPITAL ASSETS

Balance, beginning of year	$ 195,520	$ 185,212
Contributions received from operating fund for fixed asset acquisition	12,536	10,308
	$ 208,056	$ 195,520

PRINCE GEORGE DOWNTOWN PARKING COMMISSION

STATEMENT OF OPERATING FUND REVENUE AND EXPENDITURE

FOR THE YEAR ENDED 31 DECEMBER 1986

	1986	% of Revenue	1985	% of Revenue
REVENUE				
Parking	$ 351,635	63.2	$ 329,275	64.1
Retail rentals	193,626	34.8	176,263	34.3
Interest	9,482	1.7	5,444	1.1
Miscellaneous	1,551	.3	2,604	.5
	556,294	100.0	513,586	100.0
EXPENDITURES				
Advertising and promotion	14,988	2.7	9,059	1.8
Bad debts	802	.1	1,367	.3
Bank charges	395	.1	357	.1
Car allowance	5,022	.9	5,619	1.1
Elevator service contract	4,959	.9	4,883	1.1
Insurance and licences	7,546	1.4	6,364	1.2
Janitor	5,919	1.1	3,730	.7
Office supplies and sundry	10,068	1.8	11,823	2.3
Professional fees	14,170	2.5	9,809	1.9
Property taxes	25,326	4.6	19,748	3.8
Repairs and maintenance	24,773	4.5	12,879	2.5
Security patrol	8,802	1.6	8,448	1.6
Snow removal	10,577	1.9	5,879	1.1
Telephone	1,026	.2	986	.2
Utilities	64,582	11.6	64,912	12.6
Wages and employee benefits	190,602	34.2	177,118	34.5
Contribution to capital fund	12,536	2.2	10,308	2.0
	402,093	72.3	353,289	68.8
EXCESS OF REVENUE OVER EXPENDITURE FOR THE YEAR	$ 154,201	27.7	$ 160,297	31.2

PRINCE GEORGE DOWNTOWN PARKING COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 1986

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Operating Fund

The Commission employs the principles of accrual accounting.

Expenditures of a capital nature are immediately charged to operations.

(b) Capital Fund

Fixed Assets

Land, buildings and equipment are the property of the City of Prince George and are therefore recorded in the accounting records of the City of Prince George, except for the following:

Capital expenditures incurred by the Commission since its inception in 1968 are:

	1986	1985
Equipment and Capital Improvements	$ 208,056	$ 195,521

Depreciation

Fixed assets are recorded at cost and have not been depreciated.

2. RELATIONSHIP TO THE CITY OF PRINCE GEORGE

The Downtown Parking Commission was established by the City to manage offstreet parking facilities in a specified area (established pursuant to the provisions of the Municipal Act of British Columbia) of the Central Business District. An annual tax levy is imposed on the properties for the payment of the annual debt charges.

Operating Revenues and Expenditures are reported separately in the Financial Statements of the Downtown Parking Commission.

2. RELATIONSHIP TO THE CITY OF PRINCE GEORGE - Continued

The City's General Operating, General Capital and Reserve Fund statements include the fixed assets, internal debt, debenture debt, retirement reserve and annual levy related to the provision of offstreet parking. They are:

(a) Fixed assets - at cost (General Capital Fund)

	1986	1985
5th Avenue & Brunswick Street Parkade	$ 365,550	$ 358,300
2nd Avenue Parkade	2,745,086	2,731,312
5th Avenue & Queensway Street Parkade	3,797,913	3,797,913
2nd and 3rd Avenues and Queensway land	591,770	591,770
	$ 7,500,319	$ 7,479,295

(b) Internal debt (Land Sale Trust Reserve Fund)

	1986	1985
Payable in annual instalments of $51,200, matures in 1990	$ 204,800	$ 256,000

(c) Debenture debt (General Capital Fund)

By law	Date of Issue	Term Remaining In Years	Rate %	1986	1985	
2525A	03/01/74	8	9.00	$ 252,704	$ 277,908	
2525B	04/16/74	8	9.00	265,919	292,440	
2893	10/15/74	10	8.70	1,685,257	1,788,773	(i)
2893	06/01/77	11	9.84	29,873	31,875	
3605	12/01/80	14	13.80	574,523	588,159	(i)
3676	04/29/81	15	14.00	1,665,781	1,739,301	
3820	10/28/81	15	15.50	519,216	542,132	(i)
3888	06/30/82	16	16.75	608,755	633,262	
				$ 5,602,028	$ 5,893,850	

2. RELATIONSHIP TO THE CITY OF PRINCE GEORGE - Continued

(i) Debenture debt recorded and payable in U.S. dollars. The exchange loss at 31 December 1986 was as follows:

	1986	1985
U.S. debt	$ 2,778,996	$ 2,919,064
Canadian equivalent	3,845,574	4,081,727
	$ 1,066,578	$ 1,162,663

The foreign exchange component was estimated using the 31 December 1986 U.S. exchange rate of $1.3838.

(d) Capital Reserves

	1986	1985
General Capital Fund	$ 177,159	$ 216,415
Land Grant Trust Reserve Fund	397,801	358,914
	$ 574,960	$ 575,329

(e) Downtown Off Street Parking Area Debt Retirement Reserve

	1986	1985
Annual payments of $28,620 are being applied against debenture debt payments	$ 132,521	$ 147,849

(f) Annual Levy (General Operating Fund)

	1986	1985
Total levy to property owners	$ 976,415	$ 1,002,329

The levy is determined after receipt of contributions from the operations of the Commission (1986 - $120,000 1985 - $60,000).

3. SURPLUS

Surplus funds of the Commission may be transferred to the City of Prince George and applied to reduce levies on properties within the specified area of the Downtown Parking Commission.

PRINCE GEORGE PUBLIC LIBRARY

FINANCIAL STATEMENTS

DECEMBER 31, 1986

PRINCE GEORGE PUBLIC LIBRARY

Auditors' Report

Financial Statements - December 31, 1986

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AUDITORS' REPORT

To the Members of the Board
Prince George Public Library

We have examined the balance sheets of the Prince George Public Library as at 31 December 1986 and the statements of surplus and operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Library as at 31 December 1986 and the results of its operations for the year then ended in accordance with the accounting policies set out in the notes to the financial statements, applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Prince George, B. C.
29 January 1987

CHARTERED ACCOUNTANTS

PRINCE GEORGE PUBLIC LIBRARY

GENERAL FUND

BALANCE SHEET

31 DECEMBER 1986

ASSETS

	1986	1985
CASH	$ 209,236	$ 192,825
ACCOUNTS RECEIVABLE		
Due from other funds	-	398
Trade Accounts	1,349	11,547
	$ 210,585	$ 204,770

LIABILITIES AND SURPLUS

ACCOUNTS PAYABLE		
Due to other funds	$ 103	$ -
Trade accounts	181,218	194,030
SURPLUS	29,264	10,740
	$ 210,585	$ 204,770

ACCOUNTING POLICIES, note 1
FIXED ASSETS, note 2
LONG TERM DEBT, note 3
COMMITMENTS, note 4
CONTINGENT LIABILITY, note 5

APPROVED BY THE BOARD:

_____ Chairman

_____ Chief Librarian

PRINCE GEORGE PUBLIC LIBRARY

GENERAL FUND

STATEMENT OF OPERATIONS AND SURPLUS

FOR THE YEAR ENDED 31 DECEMBER 1986

	1986 Budget	1986 Actual	1985 Actual
REVENUE			
GRANTS			
City of Prince George - operating grant	$1,093,208	$1,093,208	$1,063,089
Province of British Columbia - Library Development Commission Operating grant	145,160	145,160	145,160
Government of Canada - Challenge '85 Program	-	-	2,011
Regional District	37,060	37,060	37,060
OTHER			
Fines	54,600	54,500	52,978
Interest on savings accounts	10,000	13,215	10,640
Lost and damaged books and records	4,700	6,065	4,803
Miscellaneous	13,000	7,269	11,662
Photocopier revenue	8,500	7,275	7,922
Room rentals	-	505	595
	1,366,228	1,364,257	1,335,920
EXPENDITURE, Schedule I	1,376,968	1,345,733	1,339,220
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE FOR THE YEAR	(10,740)	18,524	(3,300)
Surplus, beginning of year	10,740	10,740	14,040
SURPLUS, END OF YEAR	$ -	$ 29,264	$ 10,740

PRINCE GEORGE PUBLIC LIBRARY

OTHER FUNDS

BALANCE SHEET

31 DECEMBER 1986

ASSETS

	1986	1985
CASH	$ 1,367	$ 1,782
DUE FROM GENERAL FUND	103	-
	$ 1,470	$ 1,782

LIABILITIES AND SURPLUS

DUE TO GENERAL FUND	$ -	$ 398
SURPLUS:		
LOCAL HISTORY FUND	784	905
JEANNE CLARKE MEMORIAL FUND	475	479
NEW EQUIPMENT FUND	211	-
	$ 1,470	$ 1,782

APPROVED BY THE BOARD:

_____ Chairman

_____ Chief Librarian

PRINCE GEORGE PUBLIC LIBRARY

LOCAL HISTORY FUND

STATEMENT OF OPERATIONS AND SURPLUS

FOR THE YEAR ENDED 31 DECEMBER 1986

	1986	1985
REVENUE		
Provincial Grant - Heritage Week	$ 800	$ -
Sale of cook books	126	2,653
Sale of local history guide	108	-
Donations	-	350
Interest	56	29
	1,090	3,032
EXPENDITURE		
Heritage Week programs	1,211	-
Photography	-	296
Supplies	-	30
Printing	-	1,812
Promotion	-	341
	1,211	2,479
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	(121)	553
Surplus, beginning of year	905	352
SURPLUS, END OF YEAR	$ 784	$ 905

PRINCE GEORGE PUBLIC LIBRARY

JEANNE CLARKE MEMORIAL FUND

STATEMENT OF OPERATIONS AND SURPLUS

FOR THE YEAR ENDED 31 DECEMBER 1986

	1986	1985
REVENUE		
Donations	$ -	$ 995
Interest	29	15
	29	1,010
EXPENDITURE		
Dedication plaques	33	531
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	(4)	479
Surplus, beginning of year	479	-
SURPLUS, END OF YEAR	$ 475	$ 479

PRINCE GEORGE PUBLIC LIBRARY

NEW EQUIPMENT FUND

STATEMENT OF OPERATIONS AND SURPLUS

FOR THE YEAR ENDED 31 DECEMBER 1986

	1986	1985
REVENUE		
Donations	$ 200	$ -
Interest	11	-
	211	-
EXPENDITURE	-	-
EXCESS OF REVENUE OVER EXPENDITURE AND SURPLUS	$ 211	$ -

PRINCE GEORGE PUBLIC LIBRARY

PIANO FUND

STATEMENT OF OPERATIONS AND SURPLUS

FOR THE YEAR ENDED 31 DECEMBER 1986

	1986	1985
REVENUE		
Interest	$ -	$ 11
EXPENDITURE		
Piano supplies	-	162
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	-	(151)
Surplus, beginning of year	-	151
SURPLUS, END OF YEAR	-	$ -

1. SIGNIFICANT ACCOUNTING POLICIES

The Library employs the principles of accrual accounting except for banked overtime, vacation time and accumulated sick days. These liabilities are not recorded until paid. The estimated maximum liabilities at 31 December 1986 are:

Banked overtime	$ 2,000
Vacation time	22,000
Accumulated sick time	72,000
	$ 96,000

Expenditures of a capital nature and purchases of books and periodicals are immediately charged to operations.

2. FIXED ASSETS

Land, buildings and major capital equipment used for the Library are the property of the City of Prince George and are therefore recorded in the accounting records of the City of Prince George.

3. LONG TERM DEBT

Long term debt and the payments thereon relating to the acquisition of land, buildings and major capital equipment for the Library are recorded in the accounting records of the City of Prince George.

4. COMMITMENTS

The Library has entered into three leases for the acquisition of equipment and is committed to aggregate annual payments of $19,344 over the next two years.

5. CONTINGENT LIABILITY

The Library is liable to a maximum of $122,636 to the City of Prince George regarding principal and interest on repayment of funds used to purchase a library book detection system. Fixed annual payments of $12,263 are to be recovered from the Library's operating budget over the next ten years.

PRINCE GEORGE PUBLIC LIBRARY

GENERAL FUND

SCHEDULE OF EXPENDITURES

FOR THE YEAR ENDED 31 DECEMBER 1986

	1986 Budget	1986 Actual	1985 Actual
FACILITIES			
Circulation System	$ 48,267	$ 52,910	$ 47,293
Equipment and furniture	10,500	10,486	21,439
Heat	19,000	13,280	17,617
Insurance	4,200	4,177	3,027
Lights	40,000	33,130	37,465
Maintenance	24,500	20,359	10,953
Telephone	14,000	15,322	12,365
Water and sewer	5,500	3,595	4,585
MATERIALS			
Binding	4,000	4,189	2,238
Books	263,500	255,267	261,090
Periodicals	21,461	19,128	14,077
Records	9,000	13,521	7,439
STAFF			
Salaries and benefits	840,000	827,063	831,897
Staff moving costs	600	217	776
OTHER			
Advertising	6,850	6,790	6,501
Association dues	1,800	2,079	1,643
Audit	2,800	2,885	2,485
Convention and travel	6,190	5,336	8,595
Photocopies	11,500	10,803	9,384
Postage	12,700	16,540	12,495
Stationery and supplies	27,000	26,046	23,181
Sundry	3,600	2,610	2,675
	$1,376,968	$1,345,733	$1,339,220